S
39.GS/4:
BUL 1

M. M. LEIGHTON

Bulletin No. 1 September 24, 1919.

COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF INTERNAL AFFAIRS
James F. Woodward, Secretary

BUREAU OF TOPOGRAPHIC AND GEOLOGICAL SURVEY
George H. Ashley, State Geologist

EFFECT OF THE WAR ON THE PRICE OF COAL IN PENNSYLVANIA

By George H. Ashley

Every one knows that coal costs more than before the war. Every one knows that the present prices (September, 1919) are the final result of many ups-and-downs, in which the "ups" greatly predominate. It may interest many to have something of the history of coal prices in Pennsylvania during the war.

The State Geologist has analyzed the fluctuations of prices during the war from tables just issued by the United States Geological Survey as part of a series of the War Industries Board pamphlets. During the first year of the war the price of all bituminous coals declined. The spot price of Pittsburgh coal declined from $1.32 in January, 1913, and $1.36 in October and November, 1913, to .93 in July 1915. Clearfield coal declined from $1.71 in January, 1913, to an average in the latter part of 1913, and all through 1914, of from $1.05 to $1.15. The bottom was reached between May and August, 1915 when the price went down to $1.00 a ton. Somerset coal started in 1913 with a price of $1.88 but soon dropped to a price of about $1.25 and that was maintained through the remainder of 1913, 1914, and until November, 1915, the lowest point, $1.18, being reached in November, 1914.

Many will doubtless wish that they had had storage facilities to lay in supplies for the rest of their lives, as it is probable that coal will never again be sold as low. Unfortunately, coal is a bulky product and many people find it difficult to accomodate even one winter's supply, while many large power companies have storage room for only a few days' or a few weeks' reserve. Then, too, most coals tend to deteriorate in size, if not in quality. Besides, if many people had attempted to store coal for the future the increased demand soon would have raised the price.

Digitized by the Internet Archive
in 2022 with funding from
University of Illinois Urbana-Champaign Alternates

https://archive.org/details/effectofwaronpri00ashl_0

Toward the end of 1915 business began to revive and prices responded, so that by January, 1916, Pittsburgh coal rose to $1.58, but dropped to $1.23 in April. Clearfield coal rose to $2.59, but declined to $1.16 in June. Somerset and Cambria rose to $2.79 but by June and July, 1916, went down to $1.38.

Then in August came the cry for coal and prices began to soar and continued going up until in February and March, 1917, the pinnacle was reached. Pittsburgh coal reached $5.21, its highest price, in February, 1917. In March, 1917, Clearfield coal reached $5.16 and Somerset and Cambria coal reached $5.48.

Next came the conference in Washington in June at which time prices were $4.97 for Pittsburgh coal, $4.89 for Clearfield and $5.11 for Cambria and Somerset. At that conference sweeping reductions were agreed to and the new, or "Peabody", prices prevailed through July and August. These ran $3.25 for Pittsburgh coal; from $3.46 to $3.74 for Clearfield coal; and from $3.54 to $3.91 for Cambria and Somerset coal.

In September, 1917, the government took hold, through the Fuel Administrator, and the President announced new prices for Pennsylvania, which ran $2.00 for Clearfield, Cambria and Somerset coals, and $2.01 for Pittsburgh coal. In November an increase of 45¢ a ton was allowed to cover an increase in wages to the miners.

It was soon seen that the coals of the so-called thin-vein district of Clearfield, Cambria and Somerset counties could not be mined at prices quoted and in November an additional increase of 45¢ was allowed to the coal from those counties. In February, 1918, the Fuel Administration prices were adjusted to provide for the great cost of mining in the eastern districts, with an advance to $2.75, and later on, in March, to $3.05.

In June, 1918, a general reduction of 10¢ a ton was made by the Fuel Administrator, leaving prices at $2.95 for Clearfield, Cambria and Somerset coals, and at $2.36 for Pittsburgh coal, and those prices continued to the end of the war.

All the prices quoted above are, of course, f.o.b. cars at the mine and not market prices after adding freight, retailing, and delivery costs.

Anthracite prices did not follow the wild fluctuations of bituminous coal. The years 1913, 1914, and 1915 saw the common sizes of anthracite keeping a nicely uniform price, except for the 50¢ a ton drop at the beginning of each summer. Steam sizes averaged $1.27, while stove size, which may be taken as an example for the larger sizes, ran about $3.36. In 1916 prices began to mount, stove coal reaching $4.17 in November, 1916. They then declined because of the small demand and the mildness of the winter to $3.93 in April, 1917. The same month there came a wage advance which necessarily advanced the price of coal, which reached $4.38 by September and $4.54 by December.

In September, 1917, anthracite prices were specified by the Government. Stove coal was then listed at $4.70 to $5.30, according to grade or mining district. These prices were substantially those in effect at that time, except that the independent coal companies were permitted to charge 75¢ a ton above the schedule. On December 1, 1917, came another wage increase, followed by an advance in the selling price of 30¢ a ton. April 1, 1918, a 30¢ reduction was made and maintained for five months. This was not an actual reduction but a partial retardation in an advance of 70¢. Stove coal, as an example actually advanced from $4.54 in March to $4.95 in April. In September the price was raised to $5.24. November 1st an advance of $1.05 per ton was granted by the Fuel Administrator to cover a further advance in wages.

Notwithstanding all of these advances, figures giving the cost of production showed so unfavorably for the coal companies that on quitting office the Fuel Administrator advised omitting the usual summer rebate and advancing the price 10¢ a month, until it had been increased 50¢ above that prevailing in 1918. This brings the prices up to the present.

UNIVERSITY OF ILLINOIS-URBANA
3 0112 077641030